

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Agriculture Minister-Counselor Travels to Kyushu:

Agricultural Minister-Counselor David Miller traveled to Kumamoto and Kagoshima, two important agricultural prefectures in Southwestern Japan, December 3-5. Addressing the student bodies of those two prefectures' agricultural colleges, Mr. Miller explained how over the past 50 years, American agricultural producers had made export success a key component to their financial viability. As Japan looks at changes to its agricultural infrastructure, local producers could benefit from utilizing their comparative advantage in high quality food and agricultural products, high cuisine and state-of-the-art food manufacturing and retailing to tap into growing middle class export markets in Asia. Mr. Miller also met with

the Governor of Kumamoto prefecture and Ministry of Agriculture, Forestry and Fisheries regional officials to discuss the current situation in Japanese agriculture and trade and to learn more about their efforts to revitalize the local agricultural sector.

Japan's Largest Douglas Fir Sawmill Becomes Energy Producer:

On November 21, the U.S. Embassy, Tokyo's Agricultural Attaché Evan Mangino Agricultural Specialist Yuichi Hayashi visited the Kure headquarters of Chugoku Mokuzai, Japan's single importer of U.S. Douglas fir logs, which accounted for than half of the \$852 million of U.S. forest products Japan in 2013. With major facilities in Kure, Hiroshima Prefecture, and in Kashima, Ibaraki Prefecture, Chugoku Mokuzai is by far the largest miller of U.S.



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Douglas fir logs, purchasing a majority of the \$450 million of U.S. softwood logs exported to Japan in 2013.

Facing a significant contraction in the Japanese housing market this year, an unfavorable exchange rate, and tighter supplies of U.S. logs as the U.S. housing market revives, Chugoku Mokuzai anticipates a 10 percent decline in its production of U.S. Douglas fir products in 2015. This contraction may pose a challenge to Chugoku Mokuzai's latest revenue stream, power generation from woody biomass. Located adjacent to its

private shipping berth and nearby Japan's largest Douglas fir sawmill, Chugoku Mokuzai's state-of-the-art power plant is converting a specially formulated mixture of sawdust and wood chips into 5,300 kiloWatts (kW) of energy each year.

Chugoku Mokuzai built the power plant in 2013 in response to the Japanese Government's 2012 Feed-in Tariff Scheme for Renewable Energy. Ranging between 13.65 yen/kW and 33.6 yen/kW and fixed for 20 years, Chugoku Mokuzai's outlook for woody biomass energy production has become so profitable that the firm plans to build a second power plant in Kure in 2015, capable of producing an additional 10,000 – 13,000 kW of power each year. At the recent average number of housing starts in Japan (roughly 900,000 per year), Chugoku Mokuzai estimates that it will create enough sawdust and chips (from log bark) to generate around 10,000 kW per year in Kure. The woody biomass feed-in tariff is another example of the Japanese Government's long-term efforts to put value back into Japan's sizeable and underutilized forest resources.
